

HOUSE BUDGET IS SLASHING MEDICAID BY \$12 BILLION, WITH \$9 BILLION BORNE DIRECTLY BY ENROLLEES

Key Points:

- **America can do better than paying for additional tax cuts for millionaires by slashing health care for low-income children, seniors and people with disabilities.**
- **In slashing Medicaid, the budget package is slashing the program that provides insurance coverage to one in seven Americans, at a time when the number of uninsured has risen by 6 million since President Bush took office.**
- **In slashing Medicaid, the budget package is increasing costs for essential health care services for the poorest Americans – including, for the first time, even the poorest children -- which will reduce their access to needed health care.**
- **In the budget package, three out of every four dollars in Medicaid cuts are borne directly by individuals who are poor or disabled.**

The budget package allows states to charge Medicaid enrollees more to get the health care that they need – including allowing states for the first time to charge premiums and cost sharing for medically necessary care for children. Even children whose families' total income is only \$12,830 a year could be hit for the first time with prescription drug and emergency-room co-payments. Poor Medicaid enrollees already pay more out of pocket for their health care as a percentage of income than higher income privately insured individuals.

The increased cost-sharing in the Majority's budget package will lead to worsened health status for children and other vulnerable Americans. A longstanding body of research demonstrates that when cost sharing is increased significantly for low-income people, their use of essential health care services declines and their health status worsens. The provisions allowing significant increases in co-payments for Medicaid enrollees carry a high risk of inducing some enrollees to scale back markedly the use of needed health care services. In addition, the provisions allowing monthly premiums to be imposed will likely cause some enrollees to lose coverage altogether and become uninsured.

The budget package allows states to stop covering necessary health care services and cut benefit packages for certain Medicaid enrollees. This includes preventive care as well as all medically necessary services that a child has been determined to need. This change could affect more than one-fifth of children covered by Medicaid – more than 5 million children overall.

The budget package also cuts long term care coverage for the elderly by \$2.5 billion by imposing new restrictions on their access to long-term care. This package would penalize even people who gave money to a family member to help with health care costs or who donated to a charity to help with Katrina relief. In addition, by changing the way penalties are assessed, it could leave a destitute elderly widow in need of long term care unable to get help under Medicaid. For the first time, the package could require individuals, including both the elderly and the working disabled who need Medicaid's health services, to continue to work or to sell or mortgage their home to get needed health care under Medicaid.